

Economic Justice in Haiti Requires Debt Restitution

By Anthony Phillips and Brian Concannon Jr. | September 7, 2006

A meeting of international diplomats and financiers in Port-au-Prince this summer ended up with a commitment of \$750 million in foreign aid to Haiti over the coming year. This generosity will build badly needed roads, schools and hospitals, which will make a real difference to ordinary Haitians—the poorest people in the Americas—in the short-term. But what Haiti really needs to permanently end centuries of misery is not the world's charity, but its justice.

The July donors' meeting refused to discuss the one fair and lasting solution to Haiti's grinding poverty: restitution of the independence debt imposed by France in 1825. The debt—calculated at \$21 billion in current dollars—dwarfs current aid commitments and its payment would allow Haitians to develop their economy without the attached strings that keep poor countries dependent on international aid.

Haiti won its independence from France in 1804, through a bloody 12-year war, becoming the second independent country in the Americas and the only nation in history born of a successful slave revolt. But world powers forced Haiti to pay a second price for entrance into the international community. They refused to recognize Haiti's independence, while French warships remained off its coasts, threatening to invade and reinstitute slavery.

After 21 years of resisting, Haiti capitulated to France's terms: in exchange for diplomatic recognition, Haiti's government agreed to compensate French plantation owners for their loss of "property," including the freed slaves; compensation to be paid with a loan from a designated French bank. The debt was ten times Haiti's total 1825 revenue and twice what the United States paid France in 1803 for the Louisiana Purchase, which contained seventy-four times more land.

The debt was a crushing burden on Haiti's economy. The government was forced to redirect all economic activity to repay it. A huge percentage of government revenues—80% in some years—went to debt service, at the expense of investment in education, healthcare, and infrastructure. The tax code and other laws channeled

private and public enterprise to export crops such as tropical hardwoods and sugar, which brought in foreign currency for the bank but left the mountainsides barren, the soil depleted, and the population hungry.

Haiti did not pay off the independence debt until 1947. Over a century after the global slave trade was eliminated as the evil it was, Haitians were still paying their ancestors' masters for their freedom. After the debt was paid, Haitians were left with a chronically undeveloped economy, rampant poverty, and a spent land—today relatively minor environmental stresses like tropical storms cause catastrophic damage in vulnerable Haiti.

Economic instability has engendered political instability. Haitians have endured more than 30 coups since 1825, and most of the resulting rulers have been malignant dictatorships

The independence debt was not only immoral and onerous, it was also illegal. In 1825 aggression and oppression did not violate international law, but the reintroduction of slavery—the threat underlying the debt agreement—did. It had been banned by three treaties that France had signed by 1815.

Haiti has a new democratic government, and an opportunity to make a clean break from the past. The \$750 million that the international community has promised towards this transition is a lot of money, but it is less than a year's interest on the \$21 billion dollars that Haiti owes France. Moreover, if the past is any guide, not all of the promised money will arrive, and much of it will come with strings attached—loan repayments, import tariff reductions, privatization of government



services, etc.—that will perpetuate Haiti’s dependence on international help.

If the international community really wants to help Haiti, repayment of the independence debt will be at the top of the agenda, not off the table. A just repayment of the independence debt, by contrast, would allow Haiti to develop the way today’s wealthy countries did—based on national priorities set inside the country. It would also right a historical wrong, and set a strong example of good neighbor policies for a global neighborhood.

Anthony Phillips works with the Institute for Justice and Democracy in Haiti (IJDH). Human rights lawyer Brian Concannon Jr. directs the IJDH, found at www.ijdh.org and is an analyst with the IRC Americas Program at www.americaspolicy.org. This article was original published on TomPaine.com at www.tompaine.com/articles/2006/09/01/justice_for_haiti.php.

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Recommended citation:

Anthony Phillips and Brian Concannon, Jr., “Economic Justice in Haiti Requires Debt Restitution,” IRC Americas Program (Silver City, NM: International Relations Center, September 7, 2006).

Web location:

<http://americas.irc-online.org/am/3494>

Production Information:

Writer: Anthony Phillips
Editor: Laura Carlsen, IRC
Layout: Nick Henry, IRC